

SD Publication Series Office of Sustainable Development Bureau for Africa *



Unrecorded Cross-Border Trade Between Kenya and Uganda

Proceedings of a Workshop Held at the Mayfair Hotel, Nairobi, Kenya, December 6, 1996



Chris Ackello-Ogutu
TechnoServe / University of Nairobi
Nairobi, Kenya
Protase Echessah
TechnoServe
Nairobi, Kenya

Technical Paper No. 58 July 1997





This publication is part of the

Regional Trade Agenda Series

USAID / Africa Bureau

Office of Sustainable Development
Productive Sector Growth and Environment Division
Food Security and Productivity Unit
and

Regional Economic Development Support Office
Eastern and Southern Africa, Office of Agriculture and Natural Resources

Activity Title

Regional Trade and Comparative Advantage in Eastern and Southern Africa: Implications for Food Security

The series includes the following publications:

- TradeNet: *User's Guide to InterMail*
- Comparative Analysis of Economic Reform and Structural Adjustment Programs in East Africa: *With Emphasis on Trade Policies*
- Comparative Analysis of Economic Reform and Structural Adjustment Programs in East Africa: *With Emphasis on Trade Policies*—ANNEX
- Comparative Transportation Cost Analysis in East Africa: *Executive Summary*
- Comparative Transportation Cost Analysis in East Africa: *Final Report*
- Comparative Analysis of Structural Adjustment Policies in Southern Africa: With Emphasis on Agriculture and Trade
- Comparative Cost of Production Analysis in East Africa: *Implications for Competitiveness and Comparative Advantage*
- Methodologies for Estimating Informal Cross-Border Trade in Eastern and Southern Africa
- Reported Trade in East and Southern Africa: Analysis of Officially Reported Data
- Analysis of Policy Reform and Structural Adjustment Programs in Malawi: With Emphasis on Agriculture and Trade
- Structural Adjustment and Agricultural Policy Reform in South Africa
- Policy Reforms and Structural Adjustment in Zambia: *The Case of Agriculture and Trade*
- Analysis of Policy Reform and Structural Adjustment Programs in Zimbabwe: With Emphasis on Agriculture and Trade
- Unrecorded Cross-Border Trade Between Kenya and Uganda: *Proceedings of a Workshop Held at the Mayfair Hotel, Nairobi Kenya, December 6, 1996*
- Unrecorded Cross-Border Trade Between Kenya and Uganda: Implications for Food Security
- Comparative Costs of Transport: The Northern Tier Countries of the Greater Horn of Africa
- Comparative Costs of Transport: The Northern Tier Countries of the Greater Horn of Africa. *Executive Summary*

For more information about the series, contact:

Brian D'Silva USAID/REDSO/GHAI

TEL: 703-235-5254; FAX: 703-235-3805

Internet: bdsilva@usaid.gov

Joe Carvalho USAID/REDSO/ESA/ANR

TEL: 254-2-751613; FAX: 254-2-743204

Internet: jcarvalho@usaid.gov

Productive Sector Growth and Environment Division Office of Sustainable Development Bureau for Africa U.S. Agency for International Development

Unrecorded Cross-Border Trade Between Kenya and Uganda

Proceedings of a Workshop Held at the Mayfair Hotel, Nairobi Kenya, December 6, 1996

Chris Ackello-Ogutu
TechnoServe / University of Nairobi
Nairobi, Kenya
Protase Echessah
TechnoServe
Nairobi, Kenya

Technical Paper No. 58 July 1997

Publication services provided by **AMEX International, Inc.** pursuant to the following USAID contract:

Project Title: Policy, Analysis, Research and Technical

Support Project

Project Number: 698-0478

Contract Number: AOT-C-00-96-90066-00



Contents

Glossary of Acronyms and Abbreviations	5
Morning Session	
Welcoming Remarks: Alex Kirui, Country Director, TechnoServe, Inc., Kenya	1
Opening Address: Keith Brown, Director, USAID/REDSO/ESA	3
Unrecorded Cross-Border Trade Between Kenya and Uganda C. Ackello-Ogutu and P. Echessah	5
Remarks by Discussion Openers Clive Drew Daries M. Bamuleseyo S. M. Guantai Tom Hobgood	6 8 10 12
General Discussion for the Morning Session	13
Afternoon Session	
Presentations by Invited Speakers	
The Role of Regional Institutions Under Liberalized Trade Regimes: Policy Implications Fred Opio	15
Trade and Food Security in Kenya S. M. Mwale	24
Trade and Employment Creation Under Liberalized Regional Markets N. Waniala	27
Workshop Recommendations	29
Workshop Program and List of Participants	30
List of Participants	32

Foreword

Regional trade initiatives in Eastern and Southern Africa have in the past encountered various kinds of difficulties but the countries have not been deterred from exploring new ways of fostering economic development through trade expansion. Despite trade promotions and market reforms which have to a large extent minimized exchange controls and commodity movement restrictions, inappropriate policies and other trading malpractices still inhibit formal trade linkages in the sub-region and tend to distort relative prices in the factor/product markets and as a result encourage all forms of unrecorded (informal) cross-border trade.

At the same time, the eastern and southern Africa region has, over the past few decades, experienced prolonged civil conflicts, droughts, famine and food insecurity in the face of increasing population growth rates and deteriorating real per capita incomes. These factors, together with unfavorable trade policies and malpractices, have generally undermined regional governments' food security goals.

The Proceedings compiled by Chris Ackello-Ogutu and Protase Echessah highlight important questions raised by policy makers, researchers and representatives of donor agencies who attended the stake holders Workshop. The constraints to formal cross-border trade revealed by the main report titled *Unrecorded Trade Between Kenya and Uganda: Implications for Food Security*, for which Chris and Protase are the authors, demonstrate the gravity of the bottlenecks and the urgency with which Governments, at national and/or regional levels, must address this problem.

As reiterated in the Proceedings, unrecorded cross-border trade is significant and vital to the region's economic development. It is pointed out that when the forces of supply and demand are left to operate without interference, the greater gain's accruing in terms of regional food security and efficiency in resource allocation are enormous. Thus, unofficial trade is a pointer to the comparative advantage existing in respective countries and to the vital food security role the

private sector can play in moving commodities from one part of the region to another, often against serious barriers imposed by governments.

The achievement of food security is one of the region's key development challenges being tackled by USAID and also represents a major component of various on-going strategic initiatives. By emphasizing free trade and underscoring the importance of rational trade policies and removal of all trading malpractices, regional experts and stake holders who attended the Workshop helped to articulate a new policy option that may guide efforts of USAID and other regional institutions in addressing the region's long term objectives of stability and growth.

These Proceedings constitute a vital first step towards understanding the subject of unrecorded cross-border trade in the region. They give an excellent review and critique of the data gathering techniques and findings contained in the main report. The latter is one in a series of studies on Africa's regional trade and comparative advantage, a joint activity of USAID Africa Bureau's Food Security and Productivity Unit in the Office of Sustainable Development, Productive Sector Growth Environment Division and (AFR/SD/PSGE), and the Regional Economic Development Services Office for Eastern and Southern Africa (REDSO/ESA).

David Atwood, Division Chief
Productive Sector Growth and Environment
Division
Office of Sustainable Development
Bureau for Africa
U.S. Agency for International Development

Dennis McCarthy, Ph.D., Chief
Office of Agriculture, Engineering, and
Environment
USAID Regional Economic Development
Services
Office / East and Southern Africa
(REDSO/ESA)

Glossary of Acronyms and Abbreviations

ANR Office of Agriculture and Natural Resources (USAID)

CBI Cross-Border Initiative

CEPGL Economic Community of the Great Lakes Countries
COMESA Common Market for Eastern and Southern Africa

EAC East African Community

EADB East African Development Bank

EPAU Economic Policy Analysis Unit (Uganda)

ESA Eastern and Southern Africa

IGAD Inter-Governmental Authority on Development

GATT General Agreement on Trade and Tariffs

GHAI Greater Horn of Africa Initiative

NCPB National Cereals and Produce Board (Kenya)

PAM Policy Analysis Matrix (Program of Egerton University, Kenya)
PTA Preferential Trade Agreement (Predecessor to COMESA)

REDSO/ESA Regional Economic Development Services Office for ESA

SADC Southern Africa Development Community

UNCTD United Nations Conference on Trade and Development

UNDP United Nations Development Program

UTL Unified Trade Liberalization

WTO World Trade Organization

Morning Session

Welcoming Remarks

Alex Kirui, Director, TechnoServe, Inc.

Chairman: Wilfred Ngirwa Rapporteur: Joe Mwangangi

Mr. Chairman, Ladies and Gentlemen: I have the great pleasure of welcoming you to this workshop. The main objective of the workshop is to share with you the results of the informal trade monitoring exercise initiated in 1994 along the Kenya-Uganda border. In your own individual capacities as researchers and policy makers, and as representatives of various institutions and agencies that play important roles in the development of this region, it is my hope that you will be taking a very keen interest in today's deliberations, as well as in the ensuing developments.

TechnoServe is grateful to Professor Chris Ackello-Ogutu and Mr. Protase Echessah for coordinating this important exercise, and to USAID's Regional Economic Development Services Office for East and Southern Africa (REDSO/ESA) and the Africa Bureau's Productive Sector Growth and Environment Division in the Office of Sustainable Development (AFR/SD/PSGE) for providing the necessary funds. I am also grateful to my staff, Mrs. Firdos Chaudhary and Mr. Joe Mwangangi, for their commendable team effort without which this meeting would not have been a reality.

Mr. Chairman, I shall take a few moments to give the participants a brief background to the trade analytic studies funded by USAID in eastern and southern Africa. In 1993, TechnoServe entered into a cooperative agreement with USAID, with a view to administering a series of studies covering eastern and southern Africa. The studies were meant to tackle issues relating to structural adjustment, regional trade, comparative advantage, costs of production and transportation, and electronic

communication. The principal goal of the studies was to generate self-reinforcing data bases that would be the foundation for policy dialogue aimed at enhancing regional trade, agricultural productivity, and food security. The informal cross-border trade monitoring is part of this series of activities in the region.

Except in the case of electronic communication, all the analytical work and project coordination is undertaken by individuals and institutions based within the region. This is an aspect we should all be very proud of; and TechnoServe is indeed quite proud to be associated with this regional effort and the achievements demonstrated thus far.

And, talking of achievements, I wish to mention the following studies, which have now been concluded and are available for dissemination by REDSO/ESA and TechnoServe:

- Comparative Analysis of Economic Reform and Structural Adjustment Programs in East Africa: With Emphasis on Trade Policies.
- Tradenet: User's Guide to InterMail.
- Comparative Transportation Cost Analysis in East Africa.
- Comparative Analysis of Structural Adjustment Policies in Southern Africa: With Emphasis on Agriculture and Trade.
- Comparative Cost of Production Analysis in East Africa: Implication for Competitiveness and Comparative Advantage.

- Reported Trade in East and Southern Africa: Analysis of Officially Reported Data.
- Analysis of Policy and Structural Adjustment Programs in Malawi: With Emphasis on Agriculture and Trade.
- Structural Adjustment and Agricultural Policy Reform in South Africa.
- Policy Reforms and Structural Adjustment in Zambia: The Case of Agriculture and Trade.
- Analysis of Policy Reform and Structural Adjustment Programs in Zimbabwe: With Emphasis on Agriculture and Trade.
- Methodologies for Estimating Informal Cross-Border Trade in Eastern and Southern Africa.

The studies that are still ongoing include:

- Informal Cross-Border Trade Between Tanzania and Her Neighbors.
- Informal Cross-Border Trade Between Malawi and All Her Neighbors.
- Informal Cross-Border Trade Between Mozambique and Her Neighbors.
- Comparative Transportation Cost in the Greater Horn of Africa Countries.

Finally, Mr. Chairman, let me reiterate that a workshop such as this should mark the beginning of the policy dialogue I mentioned a few minutes ago, rather than the end of an information process. It is my sincere hope that you will all strive to foster whatever recommendations you will make at this workshop. I wish all of you, in particular those from outside Nairobi, a pleasant stay at the Mayfair Hotel. Thank you.

Opening Address Keith E. Brown, Director, USAID REDSO/ESA

On behalf of the United States Agency for International Development's Regional Economic Development Services Office for East and Southern Africa (REDSO /ESA), I would like to welcome all of you to this Workshop on Cross-Border Trade, which focuses on trade between Kenya and Uganda. This is a propitious time to be conducting this workshop, given the dynamic changes taking place in the region which will, hopefully, provide the framework and climate required to bring the very important work to be presented in this workshop to fruition.

I am referring to the launching of the revitalized Inter-Governmental Authority on Development, or IGAD, which I attended in Djibouti last week. I must say that the IGAD launching was an unqualified success. As you are aware, this launching was accompanied by a Heads of State Summit of the member states of IGAD comprising Djibouti, Ethiopia, Eritrea, Kenya, and Sudan. Uganda was represented by her First Deputy Prime Minister.

The premise behind the revitalization of IGAD is a recognition by its member states that solutions to many of the problems in the Horn of Africa are regional in nature. We all know there is considerable interaction between the peoples of the Horn and East Africa, and all countries of this region are very much affected by developments in neighboring states, be they political, economic, or social, or a combination of any or all of the three. The Great Lakes crisis is a vivid case in point. The mere fact that IGAD's mandate has been expanded, and its charter significantly amended in an attempt to tackle the seemingly insurmountable regional issues and problems plaguing the Horn region, stands as testimony to the commitment of these leaders to regional collaboration and cooperation, with the ultimate goal of regional integration. Conflict prevention, management and resolution, and humanitarian

affairs constitute IGAD's top priority. Other key priority areas include: food security and environmental protection, and infrastructure development, including transport and communications.

Accordingly, policy dialogue on regional trade and liberalization of markets is very high on IGAD's agenda. This priority is clearly demonstrated by IGAD's participation in this workshop today.

The United States Agency for International Development (USAID) and IGAD's other international partners are committed to seeing IGAD and its member states succeed in achieving its objectives. In this regard, IGAD's international partners have organized themselves into a formal, yet flexible forum for strategic regional coordination, which will both reflect the priority interests of IGAD and allow us to work with IGAD and other regional institutions and networks in the priority areas identified earlier. More specifically, USAID is leading a U.S. Government Presidential Initiative entitled the Greater Horn of Africa Initiative. Its goal is to attack the root cause of food insecurity and conflict in the Greater Horn region. The GHAI, as it is known, encompasses Burundi, Djibouti, Ethiopia, Eritrea, Kenya, Rwanda, Somalia, Sudan, Tanzania, and Uganda.

The Greater Horn of Africa Initiative operates in accordance with five principles: African leadership; doing business differently; regional approaches, strategic coordination, linking relief to development; and promoting stability through change. The GHAI is design for the U.S. government to work as partners, not donors, with the region's states and institutions; to think and act differently in its application of its limited resources to achieve regional objectives; to be more flexible in the application of its limited resources to facilitate the region's

identification and resolution of its problems; to utilize its limited resources more efficiently and effectively in this process; and to coordinate strategically with other international partners to create the synergy necessary to focus limited resources flowing to the region on priority areas identified by the region.

The cross-border trade activity contributes directly to IGAD's goals and GHAI's objectives and principles, and is one in a series of activities REDSO/ESA is supporting to address regional trade issues.

The activity was developed in collaboration with host country colleagues in both the public and private sectors, as well as our USAID missions in the region. The overall objective of the REDSO Regional Trade Analytical Agenda is to identify the impacts of evolving trade and agricultural policies on agricultural productivity and food security in the Greater Horn of Africa and Southern Africa.

It is expected that the analyses generated will be used to inform policy makers and encourage appropriate policy responses to achieve stated national and regional objectives concerning trade, agricultural production, and food security, complementing existing regional initiatives and institutions such as the Common Market for Eastern and Southern Africa (COMESA), the Secretariat for East African Cooperation, and IGAD.

As you have been informed by the Director of TechnoServe, all activities under this agend a are being implemented by Africans and/or African institutions in an effort to further collaboration and strengthen capacities in eastern and southern Africa.

The purpose of the cross-border trade activity is to record previously unrecorded levels of trade between neighboring countries in an effort to:

- determine the magnitude of informal trade, demonstrating the importance of intra-African trade to the economies in the region (recognizing that a significant portion of cross-border trade is unrecorded);
- estimate official and unofficial costs of

cross-border trade;

- identify opportunities for increasing or creating new trade;
- estimate the impact of trade liberalization and the creation of free trade zones on the people of this region; and
- ultimately, increase intra-African trade and reduce the costs of this trade, which will lead to increased agricultural production, incomes, and regional food security.

It is intended that the information collected under these activities will help quantify some of the arguments and positions surrounding regional trade liberalization and the movement toward common market areas in a way which will help governments in the region make policy decisions that will encourage and expand cross-border trade.

I am informed that the results of this activity indicate that informal trade between Kenya and Uganda is substantial and important to the two countries. Therefore, on behalf of USAID and REDSO, we are pleased to assist in bringing all of you together here today to discuss the results of this study, to review its policy implications, and to develop an agenda or recommendations for further analysis. We do not expect our work to end today, as USAID is committed to supporting followup activities in an effort to fulfill the original objectives of this activity.

In my view, and I hope you will agree with me by the conclusion of the workshop, this activity embodies the objectives and principles of the GHAI. It is African-led and owned, it promotes a regional approach to very serious policy issues, it promotes strategic coordination in its approach, it supports the priorities of the region, and it demonstrates the United States Government's commitment to assisting the region in solving an important regional problem through regional cooperation. And even more importantly, it supports the overarching objectives of IGAD.

Thank you for your attention.

Unrecorded Cross-Border Trade Between Kenya and Uganda: Implications for Food Security

Methodological Issues: Chris Ackello-Ogutu Results: Protase Echessah

Editorial Note:

This document is available as Technical Paper Number 59 under the SD Publication Series. See also the SD Publication Series Technical Paper No. 29 for more details on methodologies for estimating informal crossborder trade.

Remarks by the Discussion Openers Clive Drew, Chief of Party, Uganda IDEA Project

Mr. Chairman, Ladies and Gentlemen: I am pleased to comment on the survey results. As head of IDEA, a major USAID funded project involved in non-traditional agricultural exports, I am certainly an interested party. Also, given the fact that a large number of women are engaged in informal cross-border trading, it is interesting to observe the large number of men in this audience who have a stake in this topic. I want to thank REDSO/ESA and the work done by TechnoServe in undertaking the study. I find the results to be very interesting. I cannot profess to be an expert on Kenya-Uganda cross-border trade; I have only been in the region for two years, but I must say they have been two confusing years, trying to figure out the dynamics of regional trade.

As Director Keith Brown mentioned in his opening remarks this morning, much activity associated with regional issues, unfortunately, involves conflict resolution. This takes on many different forms, and, in many respects, is the result of paper lines created during the colonial era. Even as we meet today and talk about informal commodity trade that covers the southeast portion of Uganda, let us do a quick tour along Uganda's border and see what we have: in the northwest we have cattle rustling; between Uganda and Sudan we have Kony rebels; in the northwest we have the West Nile Bank Front rebels; around Kasese we are under attack by the Allied Democratic Forces; in the southwest we have refugees from Hutu-Tutsi conflicts in Zaire; and, at the moment, things are relatively peaceful with the southern neighbors, Rwanda and Tanzania. All these conflicts, informal crossborder trade, and food security, are not exclusive events.

As a general comment, I must state that cross-border trade, and especially the informal component, is highly volatile. There is always an underlying reason for it, which is the result of market imperfections/distortions.

There are a large number of regional cooperation organizations that are addressing, among other things, cross-border trade. These include bilateral and multinational organizations such as CBI, EAC, IGAD, PTA/COMESA, and SADC. Obviously, there is a need for harmony and consistency and even rationalization. These organizations also represent suitable forums to further pursue the recommendations from this workshop.

Staple foods in Uganda include bananas, root crops/tubers, and millet. Crops such as white maize and beans, although consumed, are important cash crops for export to countries such as Kenya, where they are consumed as staples. We have also witnessed large demand for maize and beans from the relief agencies. Uganda has favorable growing conditions to respond to this regional food need, although I must state that seasonal conditions have not been good in 1996, so the supply response has not materialized.

As the report demonstrates, trade is skewed in favor of Kenya, especially for manufactured goods, including agro-processed goods. This applies to both formal and informal trade. The main trade that Uganda has to offer is in agricultural commodities.

Although this analysis applies to Kenya-Uganda cross-border trade, our own studies show that there are even larger informal trade flows between Uganda and Zaire, and between Rwanda and southern Sudan.

The researchers need to revisit the figures. I feel the magnitude of informal relative to formal trade is overstated.

The researchers should also refer to other studies that have been completed. These include the IDEA Project Border Trade Baseline Study (with focus on maize and beans), EPAU policy papers on border trade and food security, various

studies completed by REDSO/ESA/ANR, and a recent paper commissioned by UNDP/PSDP on East African Open Borders: Potential Trade Impact on Ugandan Economy.

There is considerable consistency between these studies and the report that has just been presented. The IDEA study on cross-border trade has shown that for the period 1990-95, 53% of maize trade was formal and 47% informal, mostly to Zaire and Kenya. In the case of beans, only 38% was formal and 62% informal, mostly to Kenya and Zaire.

The sugar situation is rapidly changing in Uganda, with the return of deposed Asians and the rehabilitation of the industry. Uganda is rapidly approaching self-sufficiency in sugar.

As stated in my opening remarks, trade volumes are highly volatile. For example, exports of maize and beans from Uganda to Kenya were much higher in 1993-94 than in 1994-95, when Kenya was food insecure in maize and beans, and during which times large tonnage did move through formal channels.

We have also witnessed many changes and developments, even over the last two years: large exports of maize and beans from Uganda to Kenya in 1993 and 1994; good seasons in Kenya in 1995-96; a large demand for the relief markets; poor season in Uganda in 1996; changes

in Ksh/Ush exchange rates; forex trading in the two currencies; introduction of VAT in Uganda; Kenya halting the imports of maize, followed by imposition of prohibitive tariffs; and various nontariff barriers such as phytosanitary conditions affecting exports of Kenya's maize infested with the large grain borer, virus infested wheat, milk powder that "glows in the dark," expired foodstuff, etc.

As a result of impediments to trade, a confrontational situation can quickly escalate into retaliatory behavior, which can have negative impacts on food security, and the general wellbeing of society.

I must say that the political climate among Kenya, Uganda, and Tanzania is the best it has been for years. There has been dialogue among heads of state, and a resurgence of trilateral cooperation. This study has therefore been commissioned at an appropriate time, when the recommendations of liberalizing cross-border trade and allowing greater private sector initiatives in trade can be promoted to the respective politicians.

Once again, thank you for giving me the opportunity to contribute on this very important topic.

Davies M. Bamuleseyo Acting Assistant Commissioner/Trade Development Ministry of Trade and Industry, Uganda

THE ECONOMY OF UGANDA

Uganda is a predominantly agricultural country with a GDP of \$3,037 million, of which more than 75% is derived from agriculture. Agriculture provides more than 90% of the population's livelihood and occupation. Most of the country's exports and tax revenue are derived from agriculture. There is, however, concerted effort to diversify the economy through manufacturing, services, and tourism.

The country practices open macroeconomic policies and is now striving to liberalize both internal and external trade. The key components of the trade liberalization process include:

- abolition of price controls;
- currency exchange liberalization;
- relaxation of import/export procedures;
- divestiture by government of its parastatals;
- privatization.

These trade measures and regulations, coupled with progressive lowering of tariffs, are in accordance with the country's obligation to various regional and international agreements, such as the East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA), and the World Trade Organization (WTO).

INFORMAL CROSS-BORDER TRADE BETWEEN KENYA AND UGANDA

This study by TechnoServe is the first detailed survey on this important aspect of economic activity in the region. There have been studies done under the auspices of border initiatives, but they have not been as focused on informal crossborder trade issues as this one. My overview on this subject is within the parameters of the study and my general knowledge of the two countries.

It is apparent from the study that the advantages of cross-border trade are many and can, in a nutshell, be viewed as:

- Enhancement of economic cooperation. Borders were arbitrarily drawn by the colonialists irrespective of tribal, cultural, or social considerations. Informal border trade is, therefore, a manifestation of the inseparable economic link of the communities living along the borders.
- Informal border trade, like formal trade, portrays economic forces of supply and demand, leading to an optimal use of resources and the realization of comparative advantage. This interplay also ensures price stabilization as commodities are moved to where there is scarcity.
- Informal border trade, like formal trade, is a dynamic marketing activity which ensures food security by availing markets for agricultural products. Large markets are good incentives to farmers to produce more.
- Informal cross-border trade occupies people's time, especially that of the youth who would otherwise be redundant.

Informal (unrecorded) cross-border trade has also its disadvantages.

■ Its worst feature is smuggling. Smuggling distorts the economies of both countries

(exporting and importing), because no revenue is collected. The case of uncollected revenue from smuggled fuel in Uganda is devastating to her economy.

- Informal trade can easily be a means of encouraging dumping of inferior manufactured goods.
- Informal trade does not normally fetch fair terms of trade. Petty traders and smugglers in Uganda change money at the border and buy goods from retail shops in Kenya, which are more expensive than wholesale goods. This is outside the normal international trade system of using banks, letters of credit, and inspection agencies and bureaux of standards.
- Because informal trade is, to a large extent, illicit, it is often carried out in unethical ways in order to disguise the commodities being traded. First, the small quantities that characterize the operations do not allow economies of scale to be exploited. Second, this trade may encourage corruption by government functionaries manning the borders. And finally, the goods are likely to be handled under unhygienic conditions which not only pose risks to consumers, but also lead to unnecessary wastage and financial loss to the trade practitioners.

Having realized that informal trade is a reality, measures should be sought to regularize (formalize) it. This is, however, a tricky affair because one should endeavor to formalize the trade without casting it in the bureaucratic mold currently facing formal traders. The study by TechnoServe has at length brought out remedies for this problem; and I wish to reiterate in summary that:

1) Informal trade could be formalized in the following manner: have it recorded whether by registration or otherwise, but not

increasing the bureaucracy; identify key players in informal trade and have them trained (sensitization, awareness, etc.) in simple commercial techniques; minimize or eliminate completely obstacles like tariff and nontariff barriers; create conducive regulatory environment along the borders; and make available credit facilities to informal border traders.

- 2) Tariffs in both Uganda and Kenya should be harmonized, so that there is no unnecessary advantage or incentive for smuggling.
- 3) Common standards of goods should be set up through the collaboration of Uganda's National Bureau of Standards and Kenya's National Bureau of Standards. Health and phytosanitary measures should be uniform to both countries.
- 4) Trade policies of both countries should be harmonized to solve problems of re-exports (for example, fabrics, electronic equipment from Uganda to Kenya, and wheat flour from Kenya to Uganda).
- 5) Both countries should set up monitoring mechanism for the control of the environment in matters of: exploitation of water resources of Lake Victoria, particularly harvesting of fish; deforestation arising from cutting of trees for charcoal and timber; industrial effluence, and air pollution.
- 6) Both countries should undertake joint monitoring to control the spread of crop/livestock diseases and pests.
- 7) There should be concerted effort by both governments to promote the private sector by encouraging the cooperation of business associations such as chambers of commerce and industry.

S. M. Guantai National Cereals and Produce Board (NCPB), Kenya

Kenya is a vital gateway to the region including Uganda, and should it liberalize its transit facilities, this would lead to accelerated positive changes in the import/export trade. The study of informal cross-border trade between Kenya and Uganda is timely and a necessary step in looking at how the region can facilitate liberalized trade. Presently, Uganda has relative advantage in agricultural production, whereas Kenya has relative advantage in the production of value-added goods and services.

In 1993, Kenya informally imported 900,000 bags of maize through the National Cereals and Produce Board (NCPB). However, Kenya's government paid the price of taking shortcuts, in that the imported maize contained impurities — there was a lot of soil, and the moisture content was not right. Since then, NCPB has discouraged informal importation of maize and, instead, advocates for close collaboration between the two countries. Despite this official stand by NCPB, it is apparent that informal import of maize and beans was vibrant in 1994/95, as has been demonstrated by the figures presented in this workshop.

The issue of food security is treated with a lot of seriousness by the Kenyan Government, and the Sessional Papers and other policy documents clearly emphasize this point. The disturbing problem, however, is that food security in Kenya is inextricably linked to maize, is the main staple. As in other countries that depend on a single staple for sustaining food security, availability of maize in Kenya assumes sociopolitical dimensions that transcend mere economic considerations. We have to realize that the government has an obligation to all of its citizens. Trade liberalization and opening up of borders, as is being advocated by this study, may have undesirable consequences to some of the citizens, at least in the short run. Without appropriate safety nets, any government would be weary of rushing to open its borders to free trade. This does not imply that informal trade between Kenya and Uganda does not have benefits for both countries. In spite of the potential gains from the trade, it is advisable for countries to put in place measures aimed at safeguarding their staples. For proponents of free trade, this sounds like protectionism but, for many of the governments in the region, it is the natural thing to do in the absence of harmonized regional policies that would guarantee movement and availability of staples, especially at times of serious shortfalls in domestic production.

The current status in Kenya is that we have underutilized capacity in the milling industry for both maize and wheat; only 50% of a milling capacity of 15.5 million bags for maize is utilized annually. Milling capacity for wheat is 13.5 million bags per annum, but the utilized capacity is only 5 million bags. These figures indicate a huge potential for Kenyan exports of value-added goods and services to Uganda. This potential may not be realized unless there is cooperation between the two countries. Cooperation and policy harmonization should be aimed at avoiding duplication in Uganda of industrial and milling infrastructure that already exists in Kenya. Uganda should concentrate in areas such as maize and beans production, where she has demonstrated comparative advantage.

Finally, I wish to point out that there is much dynamism in the informal trade, and trading between Kenya and Uganda is no exception. For example, despite the relative advantage Uganda has in maize production, starting from late 1995, Kenya was losing between 2,000 and 5,000 bags every day to Uganda through informal trading induced by heavy purchases of Ugandan grains by relief agencies serving Rwanda and southern Sudan. As a result, Kenya is expected to face a

deficit of 4-5 million bags of maize in the current production season, and the country is likely to import maize from other countries. The problem with Kenyan consumers, however, is that they consider maize in terms of specifics, and that is, white maize. This makes maize a unique product

which may only be source from specific suppliers at premium prices. This fact seems to strengthen the Kenyan Government's resolve for domestic self-sufficiency in maize, regional trade benefits notwithstanding.

Tom Hobgood USAID/Kenya

First of all, I thank the organizers for inviting me to the workshop. It is well organized, has the right participants, and is, I think, the beginning of a process that could have real impact in the region. I have two recommendations:

1. As we all know, national food security is an emotional and political preoccupation of all the leaders in the region. How can we assure them that their national food objectives can be achieved in the context of regional liberalization and harmonization of trade policies? For example, does it make sense for each country to hold its own strategic reserve, or to have a foreign exchange reserve to import food -- or a combination of both? One suggestion would be to do a synthesis of the work that has already been done on food price and supply stabilization strategies. The Egerton/PAM team has done some work on this, and I think I heard at this workshop that a policy group in Uganda has done the same. This would be a start, but some additional work may have to be it done—look in the regional liberalization/harmonization context. The results could be shared with regional technical experts and policy makers.

2. Winners and losers: Who is likely to benefit most from regional liberalization, who will lose? It was mentioned here that Uganda's manufacturing sector might suffer. How do we deal with these issues? Protection of "infant" industries has been discredited, I thought. I hope we don't get into that can of worms. Also, during the East African Community days it was mentioned that Kenya had to pay other countries every month because, based on some formula, it was benefitting the most. Another can of worms! I don't know what the answer is, but some more fact finding or projections on who the winners and losers would be in order. We could then discuss possible remedies, if there are any.

I know it is not realistic to think that the countries will have a total regional perspective, especially when they look at the short-term costs of liberalization. But whatever light we could bring to bear on this thorny issue through additional dialogue and analysis would be useful.

General Discussion for the Morning Session

Editorial Note:

The lively discussion that followed the presentation of the main report as well as the presentations by discussion openers is recorded here according to the issues/questions raised (in bold letters). The responses/reactions from the floor and/or from the presenters of the main report, Chris Ackello-Ogutu and Protase Echessah, follow immediately. Some of the issues raised were agreed upon unanimously and are therefore stated as such, without being accompanied by reactions or answers.

- 1. The question of **standards**, the example quoted by Mr. Guantai from NCPB regarding impurities in maize imported from Uganda, should justify the control of informal crossborder trade. However, the question of quality control should not arise where complete liberalization has taken place. These issues are likely to sort themselves out.
- 2. The map provided in the study report did not show exit points/sites on the Ugandan side. Should these not have been shown? The sites shown in the map refer to sites that were monitored. The study did not intend to identify exit points in Uganda, because monitoring was conducted only from the Kenyan side in order to avoid double-counting.
- 3. Swam, Lwakhakha, and Chepkube are sites that are historically known for smuggling of goods across the Kenya-Uganda border. Should these sites not have been included in the study? At the time of selecting monitoring sites, Swam, Lwakhakha, and Chepkube were subject to the infamous tribal clashes in Kenya and were, therefore, omitted from the sample of sites to be monitored.

- 4. A lot of trade occurs at night. How was this accounted for? Trade that takes place at night is in the hands of high-risk smugglers, and was omitted from the survey by design. It should be noted, however, that along most of the borders in eastern and southern Africa. trade in agricultural commodities is not an illegal activity. It is not something to be done in the dead of night, as is being suggested by some of the participants. Of course, if there is a ban on imports and exports of certain commodities for strategic reasons, exchange can take place at whatever time is convenient to the practitioners. The experience we have is that some of the border points were too risky to operate in at night, not just for the enumerators but also for the small traders. There is an alternative for estimating night trade. Because of the poor storage facilities at most of the border towns, it is quite easy to spot consignments that are awaiting night transfer. The techniques used for the Kenya-Uganda monitoring took into account such consignments.
- 5. It is common knowledge that truck owners do not declare their full cargo, which may involve substantial unrecorded trade. Substantial trade goes across the borders unrecorded through traders who make advance arrangements for their trucks to be allowed to pass customs points without declaring cargo. An indicator of this practice is the time taken at the border points. If the time is short, this may imply that prior arrangements had been made. An alternative technique to capture the magnitude is to use the traders themselves as sources of information. How were misdeclarations accounted for?

Misdeclarations were admittedly missed

because it was not practical to reasonably quantify them. The focus of the study was agricultural commodities—primarily staples and fish-which were traded freely and openly during day time. Estimates for these commodities are, therefore, fairly accurate. As for deploying traders as enumerators, there are both advantages and disadvantages. advantage is that traders knowledgeable about the practices and routes of trade. The main disadvantage is that informal cross-border trade is quite dynamic and both traded goods and routes keep changing. It is unlikely that a busy trader can abandon his own business in order to keep tracking what is going on around him or her. The idea of using traders as enumerators is theoretically appealing; in practice, it does not work.

- 6. Was the monitoring period representative? It is worth noting that seasonality in trade of manufactured goods was not a major issue. However, since Kenyan manufactured goods are exchanged for Ugandan food commodities, trade in both categories of goods could exhibit seasonality within a year, and from year to year. Because 1994/95 was an exceptionally good year for maize and beans in Kenya, it is possible that the estimates for food imports from Uganda reported by the study underestimate trend figures (i.e., food imports would be higher in a year when Kenya has a poor harvest of staple grains).
- 7. The issue of missed trade (continued). There are indications that the figures presented here actually underestimate the actual magnitude of informal trade between Kenya and Uganda. Trade that takes place at night, and goods handled by high-risk smugglers could not be recorded. Similarly, due to logistical difficulties, misdeclarations and goods passed through the border by connivance between traders and customs officials could not be recorded.

- Participants agreed that proxies should have been used to cater for the underestimates due to the inability to capture all the trade crossing the border. However, as pointed out in the methodological section of the main report, the border and site sampling procedures do not lend themselves easily to the kind of extrapolation to which participants are alluding. The authors of the main report were confident that important policy implications and recommendations could be formulated on the basis of the current level of accuracy of the reported data.
- 8. Markets supplied by formal and informal trade ought to be distinguished. Some of the goods flowing into Uganda are eventually reexported to neighboring countries like Zaire or Sudan. The study should have identified the destinations of the goods monitored. The study did not aim at establishing the ultimate destination of goods monitored but to quantify the trade and establish its direction. Re-exports constitute an important indicator of trade liberalization in the region and may increase as forex access, communication and transport facilities improve. The present study was meant to quantify the magnitude and proportion of reexports.
- 9. Participants agreed that ICBT exists due to the proximity of markets for food commodities in Kenya and for industrial goods in Uganda. Price differentials caused by various factors constitute the main cause of trade flows. Informal trade has positive welfare effects: it enhances food availability and access by improving incomes of traders and by stabilizing food prices. There is therefore a need therefore to strengthen informal cross-border trade, and instead of talking of relaxing tariff and nontariff barriers, we should be pressing for their total elimination.

Afternoon Session

Presentations by Invited Speakers

Chairman: Chris Ackello-Ogutu Rapporteur: Protase Echessah

The Role of Regional Institutions Under Liberalized Trade Regimes: Policy Implications

Fred Opio, Executive Director Economic Policy Research Centre Makerere University, Uganda

INTRODUCTION

Regional institutions are still at the crossroads with regard to regional integration, and, as such, their role in liberalized trade regimes is a very important experiment. Despite trade promotions and market reforms that have, to some extent, minimized exchange controls and commodity movement restrictions, inappropriate policies and bureaucratic procedures still inhibit formal trade links in the subregion and tend to distort relative prices in the factor/product markets, which tends to encourage all forms of informal cross-border trade.

Cross-border trade has become one of the major activities along the borders. Available evidence indicates that cross-border trade activities, especially between Kenya and Uganda, involve substantial quantities of agricultural and industrial goods being carried out informally. Rent-seeking practices included in public and bureaucratic procedures encourage large and small traders to use illicit means and/or undesignated routes. Critics of informal trading have argued for years that liberalized trading would minimize illicit practices and formalize trading between countries.

REGIONAL INSTITUTIONS AND TRADING AGREEMENTS IN EASTERN, CENTRAL AND SOUTHERN AFRICA

Regional integration schemes in eastern, central and southern Africa have not been very successful in the past. However, the countries have not been deterred from participating in regional integration schemes and trading agreements. All the countries in eastern and southern Africa belong to some form of regional trading blocks. Notably, they all belong to the Preferential Trade Area (PTA). Rwanda, Burundi, and Zaire belong to the Economic Community of the Great Lakes Countries (CEPGL). Kenya, Tanzania, and Uganda used to belong to the former East African Community (EAC), which is currently being revived. Then there is the Common Market for Eastern and Southern African Countries (COMESA). All these regional institutions were formed to foster economic cooperation among member countries, but few member countries seem to adopt the concept wholeheartedly.

Economic Community of the Great Lakes Countries (CEPGL)

The CEPGL was established in 1976, primarily as a means of maintaining closer cooperation between former Belgian colonies. The objectives of CEPGL were confined to trade liberalization, factor mobility, and development of joint projects. It is noteworthy to say none of these objectives has been achieved. Movement of labor has been restricted, and there is little trade liberalization.

Poor economic performance and disparities in the economies of member states have contributed to their failures. Serious political differences remain, which have disrupted economic activities. These problems have made the success of regionalism doubtful.

East African Community

The origin of the East African Community (EAC) goes back to 1919, when it was established as a currency board. It was reconstituted into the East African High Commission in 1948, with a legislative and administrative mandate to coordinate policies and activities in the whole of East Africa on behalf of the British Government. The Commission, renamed the East African Common Services Organization in 1961, was reorganized and given a wider mandate.

The EAC was formed with the objective of promoting cooperation in many areas. At its height, it had a common external tariff, harmonized taxes, a monetary union, and common services including railways, ports, telecommunications, universities, and research centers. Movement of labor within the union was relatively unrestricted.

Safeguards were incorporated into the 1967 treaty to avoid polarization in the union over the distribution of benefits, which had been a problem since 1961. These included the introduction of the transfer tax system, the establishment of the East African Development Bank (EADB), and the distribution of the common services among the East African

countries.

Despite the safeguards, the EAC collapsed in 1977, mainly as a result of the perception of unequal distribution of benefits of the union. Kenya's consistent trade surplus with the other member countries, and the concentration of industries in Kenya, were both considered to be the source of regional inequality. Deep political differences among the heads of government also contributed to the lack of goodwill to solve the problems that faced the union. It should be noted, however, that most other areas of economic cooperation were functioning well. The region's recorded trade shares were 17% and 15% for exports and imports, respectively. These shares had declined to 9% and 5% in 1980, and 8% and 4% in 1991.

The collapse of the EAC in 1977 has conditioned the cautious approach to new cooperation. The tripartite accord of November 1993 that established East African cooperation has avoided the reactivation of the pre-1977 type of integration. The accord emphasizes trade and industry, tourism, transport and communications, agriculture, and science and research as the key areas of cooperation. Free movement of people, goods and services, and capital was allowed among the countries by early 1994. Deeper cooperation has, however, been left to evolve gradually.

The Preferential Trade Area (PTA) for Eastern and Southern African Countries

The PTA¹ was established in 1981 with the purpose of promoting trade in the region through tariff reduction and removal of nontariff barriers. Trade liberalization was to culminate in a common market by 1992. The other areas of cooperation were in the fields of agriculture,

¹ The members of the group are: Angola, Burundi, Comoro Islands, Djibouti, Ethiopia, Kenya, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, Somalia, Sudan, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe. Botswana, Eritrea, and South Africa are eligible to join.

industry, transport, and communications. Movement of labor was to be encouraged through the relaxation of visa restrictions.

Very little progress has been made towards freer trade in the PTA. Trade liberalization is behind schedule and is now expected to be completed by the year 2000. The original schedule could not be met because of disagreements over the rules of origin, and the establishment of a compensatory scheme for those countries that would suffer revenue losses as a result of liberalization. Failure to liberalize trade has contributed to the low intra-PTA recorded trade. Lack of complementarity in production has also contributed to the low intraregional trade. There are however several areas in which cooperation among the PTA states has been successful. These include customs, immigration, trade information and transport policies. A clearing house for PTA was established as a means of reducing the use of foreign exchange in intra-PTA trade. The amount of intra-PTA trade going through the clearing house has increased over time. A development bank commonly known as PTA Bank has been established and is functioning.

The Common Market for Eastern and Southern African Countries

Although only a few of the goals of the PTA have been achieved, a treaty transforming the PTA to a Common Market for Eastern and Southern Africa (COMESA) was signed in November 1993. The treaty is to take effect as soon as it is ratified by 11 member countries. Under the treaty, total elimination of trade barriers is to be effected by the year 2000.

The areas of cooperation under COMES A are: trade liberalization and customs cooperation, including the establishment of a common external tariff and rules of origin; common bond guarantee scheme and trade documents and procedures; transport and communications; industry and energy; monetary and financial affairs; agriculture; and economic and social development.

The establishment of COMESA would seem

to be premature, given that very few objectives of PTA have been achieved. It is doubtful that COMESA will succeed where the PTA has failed, especially because as a customs union it will have to carry out policies that are much harder to implement.

The COMESA also faces a problem of divided loyalty among its members. It has become increasingly clear that the southern African members of the PTA are more committed to the Southern African Development Community (SADC) than to COMESA. The relaunching of the East African Community will also dilute the commitment of the East African countries to COMESA.

Economic Cooperation Under Unilateral Trade Liberalization

A regional initiative on cross-border trade was agreed upon in Kampala in August 1993 by the governments of eastern and southern African countries (ICEG 1993a, 1993b). Burundi, Kenya, Rwanda, Tanzania, and Uganda are signatories to this initiative. The other countries are Malawi, Mauritius, Namibia, Zambia, and Zimbabwe. The initiative was jointly sponsored by the Commission for European Communities, African Development Bank, International Monetary Fund, and the World Bank. The purpose of the initiative is to facilitate increased cross-border investment, trade, and payments in eastern and southern Africa and the Indian Ocean.

The initiative emphasizes the role of unilateral trade liberalization, on the basis of existing structural adjustment programs, in promoting interregional trade. This means that each country is to liberalize trade on the basis of agreements with multilateral institutions. However, each country will, as a minimum, be required to adhere to the agreed timetables for PTA trade liberalization programs. The programs are to be implemented on a most-favored nation basis, or on the basis of reciprocity where a transitional period is required.

Trade reforms to be implemented under the initiative include: import liberalization in the form of lower tariffs (with total elimination by

1996) and the removal of all nontariff barriers, except a short "negative list" for security and health reasons; removal of all nontariff barriers on exports, except for a short negative list; and liberalization of trade in services such as financial services, insurance, transport, consultancy, and tourism.

Under the payments and exchange liberalization, the participating countries are to establish unified foreign exchange rates by 1996; eliminate restrictions on current account transactions; liberalize direct investment and investment in regional equity markets; and strengthen ongoing financial sector reforms or adopt the reforms for those countries. Apart from encouraging movement of capital within the region, the policy changes are primarily aimed at increasing intraregional trade.

Available statistics and empirical evidence indicate that most of these policies have been implemented. Tariffs in most countries have been reduced. These reforms are to be continued, but it is doubtful whether tariffs on intraregional trade are likely to be totally eliminated even by the year 2000. Nontariff barriers to trade have been removed, and, in most countries under OGL systems, short negative lists have been installed for health and security reasons.

Exports have been liberalized through the reduction or elimination of export taxes and by abolishing export licensing, except for a short negative list. Most countries now have flexible exchange rate regimes. Kenya, Uganda, and Tanzania already have unified regimes. Ethiopia planned to unify rates by 1996.

Most countries in the region are currently trying to attract foreign investment. The reforms that have been introduced for this purpose are: simplification of industrial licensing, tax incentives, and relaxation of profit repatriation and remittance regulations. Financial sector reforms have concentrated on interest rates and banking regulations. Interest rates have already been deregulated in Kenya and Uganda. The supervisory role of central banks has been improved in all the countries. Restructuring of commercial banks has been implemented in some countries. What remains to be done in most

countries is to deepen the reforms.

Economic cooperation accompanied by unilateral trade liberalization has several advantages over the traditional customs union. The most important is that it reduces conflicts among partner countries, especially those arising from disputes about the distribution of benefits from the union. The countries, by independently carrying out trade liberalization, will move regional economies toward a macroeconomic balance without coordinated macroeconomic policies. Under these circumstances, each country is responsible for the consequences of adjustment. The possibility of shifting blame for consequences of reforms is eliminated. This reduces disputes among countries participating in economic cooperation.

The other advantage of Unified Trade Liberalization (UTL) is that it encourages increased intraregional trade by increasing competition and, therefore, improving efficiency in production within the region. Increased efficiency will also improve the competitiveness of the region's goods in world markets, thus promoting regional exports. Moreover, removal of quantitative restrictions and a movement towards convertible currencies will further increase recorded trade by removing incentives for smuggling. Regional cooperation in transport and communications, customs, and other areas of trade facilitation will also promote intraregional trade. Reduction of barriers on the movement of factors of production within the region will raise intraregional trade by encouraging efficient allocation. resource By promoting macroeconomic stability, UTL improves the credibility of government policies and, therefore, encourages investment in the region.

TRADE PROTECTION AND REGIONALISM IN (EAST) AFRICA

The subregional East African countries (Kenya, Tanzania, and Uganda) seem to prefer to exchange goods principally with countries

outside the subregion. Available statistics suggest that Kenya, Tanzania, and Uganda have major trading partners outside the subregion which account for more than 80% of their total trade. As a share of the total exports, intraregional trade accounts for less than 10%, a reflection of a limited intraregional trade environment. For instance, Kenya's imports from the subregion between 1987 and 1990 amounted to 2.7 to 2.9% of her total imports. And, yet, Kenya and Uganda claim that they are major trading partners. There still exists limited trade and other constraints to formal trade links (Tables 1 and 2).

Protection

While in recent years East African countries have initiated major economic reforms towards trade liberalization by lowering protection levels and liberalizing, to some extent, the regulatory policies, protection of some kind still remains. Although the reforms are intended to reduce or eliminate state trading, price controls on imports, tariff restrictions, and other import substitution policies are yet to be fully implemented.

Recent studies based on cross-border studies and the UNCTD reports show the basic dimension and volume of protectionism. In the subregion, the indicators include ad valorem tariffs and other nontariff barriers, such as complicated licensing arrangements prohibitions. These barriers distort trade and tend to be costly in economic terms because they limit the role the price system is supposed to play in decisions on consumption and resource allocation. This is tantamount to industry protection although such actions are often justified on grounds of food security and selfsufficiency. It is important to realize that protection policies result in a bias for agriculture. This bias takes the form of higher rates of protection for manufactured agricultural commodities.

It should thus be noted that liberalized trade policy reforms have offered the subregional countries in East Africa the chance to accelerate their trade policy reforms. The East African countries, basic acceptance of the Uruguay Round Agreement on liberalized trade in goods and services, and the liberalization of trade in financial services, are welcome steps. The combined effect could be far-reaching for the subregion if full trade liberalization is achieved.

THE ROLE OF REGIONAL INSTITUTIONS IN LIBERALIZED TRADE

As discussed, a number of regional institutions have been initiated (CEPGL, EAC, PTA, COMESA, SADC, etc). As intergovernmental bodies, they add a potentially important dimension to regionalism in eastern, central and southern Africa, and provide institutional facilities through which countries in the regions could jointly pursue trade liberalization on a preferential basis. Among the specific objectives of the regional institutions are the acceleration of regional cooperation and greater self-reliance in subregional joint action.

The underlying premise of the establishment of regional institutions is that they would stimulate economic development through income generating and employment opportunities. In the case of these regional institutions, it can also be considered as an instrument for increasing the bargaining power of regional countries in multilateral economic forums.

There is therefore the open question of whether a regional trade arrangement founded on tariff and other trade preferences rather than on nondiscrimination is consistent with the concept of trade liberalization and the individual countries' principles, and whether it offers substantial economic benefits given the concept regional institutions. **Proponents** regionalism preferential and arrangements often point to the opportunities to expand intraregional trade without having to exclude trade with other outside countries. The critics, on the other hand, tend to emphasize that any country is free to expand efficiently intraregional trade using nondiscriminatory

liberalization of trade relations. Hence, the role of regional institutions under liberalized trade regimes is important in determining the way liberalized trade would take. These arguments all seem to suggest that regional institutions have a role to play.

Regional institutions, as in other developed and developing countries, can play a major role in international trade relations. Available empirical evidence from Latin America and South East Asia suggests increasing intraregional trade. Studies also indicate that subregional countries might achieve greater gains and economic welfare by intensifying their efforts to integrate their economies with the world economy as a whole, rather than existing in isolation. Pursuing the policy of exclusion is likely to jeopardize the progress of more general trade liberalization in the region and its potential for promoting agriculture and food security in the region.

POLICY IMPLICATIONS

- East African countries have a long history of deliberate trade protection against each other. Under trade liberalization now, substantial movement from protection to trade liberalization within the subregion and the world at large appears to emerge. As a strategy towards trade liberalization, regional institutions should begin to play a major role in rationalizing trade restrictions, gradually phasing out protection policies and adopting more liberal trade policies within the subregion.
- 2. The trend towards trade liberalization has been enhanced by the pressures emerging from GATT negotiations on the abolition of quantitative import controls. This is intended to minimize distortions in the product/factor markets created by administrative, quantitative controls. Regional institutions can play a significant role through open dialogue with member countries in reducing

- government control and encouraging competition and market efficiency, especially for agricultural products provided by the regional countries.
- 3. The levels of intratrade among regional countries are very low. Under trade liberalization, regional institutions could foster closer relations and encourage intraregional trade.
- 4. Political instability in some of the regional countries has tended to undermine the effectiveness of regional institutions in promoting intratrade. Regional institutions should endeavor to create a climate of economic cooperation and integration.

REACTIONS TO THE PRESENTATION

- Why does informal cross-border trade persist with or without liberalization?
- If trade was to be completely liberalized, what has to be done to unilateral, sudden, and frequent border closures?
- The rate at which regional initiatives are mushrooming in Africa, and particularly in the eastern and southern Africa region, is alarming and needs to be addressed urgently.
- Further analysis is required on the role of governments with regard to legal, policy, and food reserve issues in light of the ongoing liberalization.
- There are greater problems of regional integration that have to be addressed urgently.

REFERENCES

- Abalu, G. 1996. Comparative Analysis of Structural Adjustment Programmes in Southern Africa: With Emphasis on Agriculture and Trade. SD Publications Series, Technical Paper No. 23.
- Ackello-Ogutu, C. and Echessah, P. N. 1996.

 Unrecorded Cross-Border Trade Between
 Kenya and Uganda: Implications for Food
 Security. USAID, Regional Economic
 Development Service, REDSO/ESA
 Regional Trade Studies.
- Collier, Paul and Gunning, Jan Wellen. 1994.

 Trade Shocks: Consequences and Policy
 Reforms in Developing Countries.

 International Centre for Economic Growth,
 Occasional Papers No.51.

- Dean, A. DeRosa and Govindan, K. 1995. Agriculture, Trade and Regionalism in South Asia. International Food Policy Research Institute, Washington, DC.
- Ngeno, Nehemiah K. 1996. Comparative Analysis of Economic Reform and Structural Adjustment Programs in Eastern Africa: With Emphasis on Trade Policies. SD Publication Series, Technical Paper No. 19.
- Obwona, N. B. 1996. Determinants of Foreign Direct Investments and their Impact on Economic Growth in Uganda. Economic Policy Research Centre Study Series No. 5.
- Opio, F. 1996. The Impact of Structural Adjustment Programs on Poverty and Income Distribution in Uganda. Economic Policy Research Centre Study Series No. 4.

Table 1: Regional Exports Matrix, 1991

Country	Burundi	Ethiopia	Kenya	Rwanda	Tanzania	Uganda	Africa	Industrial	World
(Millions of US \$)									
Burundi				2.28			2.63	92.93	100.55
Ethiopia			1.03		0.12	0.31	29.59	191.75	307.26
Kenya	6.40	7.50		27.60	28.50	98.40	234.70	772.60	1324.20
Rwanda	0.76	0.01	0.04		0.03	0.19	94.22	93.31	202.68
Tanzania	3.20	0.10	6.50	0.80			21.50	241.30	385.30
Uganda		0.02	1.66	0.21			4.28	156.00	171.45
Percent									
Burundi	0.00	0.00	0.00	2.27	0.00	0.00	2.62	92.42	100.00
Ethiopia	0.00	0.00	0.34	0.00	0.04	0.10	9.63	62.41	100.00
Kenya	0.48	0.57	0.00	2.08	2.15	7.43	21.50	58.34	100.00
Rwanda	0.37	0.00	0.02	0.00	0.01	0.09	46.49	46.04	100.00
Tanzania	0.83	0.03	1.69	0.21	0.00	0.00	5.58	62.63	100.00
Uganda	0.00	0.01	0.97	0.12	0.00	0.00	2.50	90.99	100.00

Source: IMF. 1992. Direction of Trade Statistics Year Book, Washington, DC.

Table 2: Regional Imports Matrix, 1991

Country	Burundi	Ethiopia	Kenya	Rwanda	Tanzania	Uganda	Africa	Industrial	World
(Millions of US \$)									
Burundi			7.06	0.83	3.51		35.48	129.91	247.70
Ethiopia			4.21		0.01	0.02	17.05	759.60	1114.32
Kenya	4.4	1.8		14.4	8.7	1.8	80.2	1446.3	2228.8
Rwanda	4.7	0.01	39.30		1.70	0.23	52.25	117.83	212.85
Tanzania		0.1	31.5				42.3	699.3	1089.6
Uganda		0.34	108.20	0.20			110.20	260.86	464.09
Percent									
Burundi	0.00	0.00	2.85	0.34	1.42	0.00	14.32	52.45	100.00
Ethiopia	0.00	0.00	0.38	0.00	0.00	0.00	1.53	68.17	100.00
Kenya	0.20	0.08	0.00	0.65	0.39	0.08	3.60	64.89	100.00
Rwanda	2.21	0.00	18.46	0.00	0.80	0.11	24.55	55.36	100.00
Tanzania	0.00	0.01	2.89	0.00	0.00	0.00	3.88	64.18	200.00
Uganda	0.00	0.07	23.31	0.04	0.00	0.00	23.75	56.21	100.00

Source: IMF. 1992. Direction of Trade Statistics Year Book, Washington, DC.

Trade and Food Security In Kenya Sam Mwamburi Mwale Director, Policy Research Group, Nairobi

INTRODUCTION

One must confess that the way we view trade has changed enormously in the past 10 years. For a long time, trade was viewed as a necessary evil. We exported coffee, tea, pyrethrum, soda ash, horticultural products, and manufactured goods to earn "scarce foreign exchange." The foreign exchange paid the national debt, and was carefully and bureaucratically allocated to meet scheduled imports. Imports were limited by highly regulated controls such as import permits. Exports were similarly allocated like prized "visas" via export licences. One had to be registered with the Ministry of Commerce to be a trader, and foreign exchange was rationed meticulously by the Central Bank. In all, trade was a forbidden territory, manageable only by those whose persistence and tenacity was suitably rewarded by the profits of their efforts.

One form of trade that was completely frowned upon was in food commodities. The national policies continued to pursue the "holy grail" of food self-sufficiency. Virtually every Kenyan policy paper and pronouncement in the past 30 years has continually emphasized selfsufficiency in food production, in particular for such commodities as maize, beans, milk, and meat. Exports were tightly controlled, requiring the express and written permission of the Minister for Agriculture, and the relevant Marketing Board Act. Imports were similarly controlled. Food exports would occur only when there was need to turn over old food stocks. Food imports were tied to national food shortages and emergencies, with the exception of wheat and rice.

Despite these controls, food has always flowed across the borders. Grains continued to flow in from Uganda and Tanzania even when there was no official recognition. Meanwhile, wheat flour, and other food commodities would flow in the opposite direction. These movements were illegal in the sense that no official permission was granted for either inflows or outflows of food. During this period, movement of grain within the country was similarly restricted. So, not only was external trade highly regulated and officially discouraged, but so was internal trade.

TRADE AND MARKET LIBERALIZATION

It took the liberalization beginning in 1993 to change all of this. The mix of macroeconomic and agriculture sector reforms such as liberalizing the foreign exchange controls, the abolition of import and export controls, the decontrol of domestically produced and imported commodities, and the eventual freeing of maize and other food markets, finally made it possible for food trade to become a reality. In 1994, the private sector took full advantage of the newly liberalized food markets and trade regime to import nearly a million tons of food.

The impact of these imports in reducing the food crisis at the time was enormous. Of the 250,000 tons of maize procured for relief by the government, half was never distributed. The commercial food imports were able to bring down the price of food and reach most of the population, thereby reducing the need for relief food. Within a few months of trade and food market liberalization, the role trade could play in ensuring food security was evident. This impressive performance early on must have convinced many of the skeptics of the trade's

ability to play an important food security role.

Since then, food trade has become an important aspect of Kenya's food security. In 1994 and 1995, South Africa and Uganda became the most important sources of food imports. However, the ride has been bumpy. The food trade, particularly that by larger private sector traders has faced policy difficulties. There have been levies and duties imposed and lifted, suspensions of imports, and talk of tax evasion, as well as fraudulent actions by certain importers. The informal trade from Uganda and Tanzania has faced little in the form of official obstacles, largely because it operates outside much of the existing legal and institutional framework.

SOME LESSONS FROM THE STUDY ON INFORMAL CROSS-BORDER TRADE BETWEEN KENYA AND UGANDA

One may suppose that the very dynamism of informal cross-border trade comes from the fact that it is not really illegal as "extra-legal," and that the law and authorities turn an indulgent eye towards the trade because it serves several purposes. It provides employment and supplies food and income to those who participate in the trade. It also provides income to the indulgent officials, as the study has shown. Informal trade may, however, be inefficient from the point of view of the national economy.

Despite its putative inefficiency, the study shows that informal food trade along the borders is an important economic activity that provides income for agricultural producers and fishermen in Uganda, but also makes positive contributions to Kenya's food security and employment in the informal sector. It also points out the nimbleness with which people along the border take advantage of policy and institutional inefficiencies, relative supply scarcities, and hence, price differences to make profit. The ingenuity and proliferation of informal traders indicates that as much as both economies have liberalized there is still a long way to travel before trade between the two countries can be considered relatively hassle-free.

At the same time, there is a downside to this trade. The high level of informal food trade relative to formal trade shows that in the food and agriculture sector, the trade policies between Kenya and Uganda remain under-developed. Conversely, the fact that formal exports of manufactured goods from Kenya far outweigh informal ones, shows that trade policies in manufactured goods are better developed. In general, while informal trade provides employment, it is also dominated by a few big merchants. This limits its income distribution impact and potential for growth beyond the current artisan-type activities.

From a cash-strapped government's view, widespread informal trade may not only encourage corruption, it could also be a source of revenue loss to both Kenya's and Uganda's treasury. But most significantly, the study's findings show that a tangible opportunity presents itself for Kenya and Uganda to arrive at bilateral agricultural trade agreements that will enhance the food trade; an idea that is central to Uganda's draft *National Food Strategy Paper*.

FOCUSING ON FOOD SECURITY ASPECTS

Despite the continued official preoccupation with food self-sufficiency as the basis for Kenya's food security, there is a de facto recognition that trade has made its mark on the official mindset. The 1994 food crisis was potentially the most serious one Kenya has faced. Yet, the shortfall of 1 million tons was made up by private firms and private money, saving the government some \$80 to \$100 million. This is only the cost of buying the food from commercial world markets. Once the costs of internal distribution are factored in, one could almost double the cost that the treasury may have had to incur. By buying and distributing up to 80% of the food shortfall, the commercial traders played an indispensable food security role.

More importantly, by rendering half of the government's own relief supplies irrelevant, private trade showed that local and international markets can secure access to food even by the vulnerable groups. During the 1994 food crisis, without any formal agreement with government or altruistic objectives, but driven by the profit the food traders motive, became government's most important food security partners. Trade can reduce both the price of food and the cost of its distribution. It sources food from the most cost-efficient sources and uses the most cost-efficient means of distribution. By reducing the cost of food, and reaching the food markets more effectively, food traders increased both food availability and access.

Traditionally, food imports have come from the U.S. and Europe. In 1994, it was not only politically possible to import from South Africa, but Australia and Argentina became important sources of commercial hard wheat and yellow maize, respectively. Many analysts likely believe that Uganda was the most important single source of grain during this period. The entry of Uganda, South Africa, Australia, and Argentina to Kenya's food markets can be attributed to the individual enterprise of food traders seeking the most cost-efficient sources of food.

The underlying policy issue is that Kenya currently is not in a position to feed itself without trade. Whether the grain trade is in the form of formal imports through the port of Mombasa, or the more informal cross-border maize flows through Busia and Malaba, it is vital for Kenya's food supplies and, therefore, food security. At the current state of technology and farm productivity, there is no alternative to trade.

Guaranteed food supplies will only be achieved by a mix of domestic production and grain imports in the foreseeable future. The market has proved itself. While food self-sufficiency is a desirable policy objective, in cases where it is manifestly clear that this objective is neither economically feasible nor physically attainable, our policy makers should boldly proclaim food security through trade. Why? Because they know it works and there are no real alternatives.

Trade and Employment Creation Under Liberalized Regional Markets

Nimrod Waniala, Senior Advisor Ministry of Trade and Industry, Kampala, Uganda

BACKGROUND

I definitely agree with the authors of the informal cross-border trade (ICBT) report that territorial boundaries of almost all African countries were arbitrarily drawn, and, consequently, artificially partitioned national economic, sociocultural, and ethnic links that existed between communities.

Prior to drawing the borders, Kenyan and Ugandan communities moved freely, grazing their animals and exchanging or trading in goods to fulfill their needs without the impediments we are now witnessing as a result of borders. At that time, the phrase, "informal" or "illegal" trade was not in any of our vocabularies. This is clearly a recent phenomenon that has emerged as a result of borders, and has become even more pronounced with the attainment of independence.

As outlined in the ICBT report, informal trade thrives *inter alia* on:

- rigid official procedures that are often bureaucratic;
- corrupt "facilitating" agents at borders (customs police, immigration officials, clearing agents, etc.);
- harassment by state agents;
- unharmonized, high tariff rates;
- cost and inconvenience in getting licences;
 and
- occasional closure of borders.

CHARACTERISTICS OF INFORMAL TRADE

Informal trade is characterized by various degrees of risk. Quite often, traders are swindled

of their entire merchandise by unscrupulous "trading partners," or perish in the process of smuggling as a result of natural calamities (swept away by rivers) or getting shot by prevention agents or thieves posing as trading partners. Because of the nature of this trade, illegal money changers play a vital intermediary role, and these, too, are a source of risk.

The trade is normally conducted in small quantities by small operators, but even the bigger traders have to break bulk prior to crossing. This tends to increase the transaction costs not just due to the numerous times goods have to change hands, but also because the habit encourages corrupt practices. Under these circumstances loss in government revenue increases substantially.

Collection and dissemination of market information is often unreliable and misleading. The result of this may be an oversupply or an undersupply, both of which lead to financial loss. Without sound, predictable business plans based on reliable market information, enterprises cannot raise the requisite loans for expansion.

It is fair, then, to say that much as informal trade provides employment and enhances border trade, the above characteristics tend to diminish its impact. As a result, trade diversion flourishes at the expense of trade creation, and employment stemming from cross-border trade activities may not be significant.

IMPLICATIONS OF LIBERALIZED REGIONAL MARKETS

Liberalizing cross-border trade implies the removal of all barriers (tariff and nontariff) to trade. In such a situation, the role of the customs officials becomes that of documenting the value and volume of trade, enforcing common external tariff rules, and preventing the entry of foods prohibited for security, public health, or environmental reasons.

In a nutshell, liberalizing trade between Kenya and Uganda, and indeed the whole of East Africa, will lead to increased volumes of trade and, through multiplier effects, to higher employment. It has the opposite effect to what currently prevails under informal trade. In particular:

- risks and unnecessary costs associated with the clandestine nature of informal trade will be reduced considerably;
- chances of reaping economies of scale due to improved information gathering and dissemination, proper planning, and predictability of markets shall be enhanced;
- formal financial intermediaries will evolve to play a vital role in enhancing trade and reducing the risks associated with money changing; and
- with proper supervision, sensitization and, empowerment, corruption is likely to diminish.

Uganda's economy is dominated by agriculture which accounts for about half of the GDP. Over 90% of export earnings are derived

from this sector. It employs about 90% of the population, mostly working on small farms averaging less than hecters. The findings of the ICBT study under discussion indicate that most of Uganda's production of maize, be ans, bananas, millet, rice, and groundnuts is traded informally.

A liberalized regional market would trigger increased production and employment in Uganda's agricultural sector. Through the multiplier effect, farmers would have their incomes greatly improved. A similar situation would occur in Kenya; not only in the manufacturing sector but also in the agricultural sector.

In Uganda, opponents of liberalization argue that although Uganda's agricultural sector might gain from liberalization, domestic industries manufacturing goods currently on the "negative list" (cigarettes, beer, soap, vehicle batteries, and sodas) will lose market share to competing imports. This may be the case in the short run, but the medium- to long-term situation is bound to change, provided that additional incentives and sectoral investments are undertaken in addition to maintaining the macroeconomic stabilization policies already in place.

Open border trade is also likely to have a tendency of leveling out prices to the extent that cheaper goods will substitute for more expensive ones in either country to the benefit of all consumers.

Workshop Recommendations

Workshop participants came up with several recommendations, which have been condensed as follows:

- Informal cross-border trade (ICBT) is substantial in the region, and mechanisms should be sought to formalize it. Guidelines that are trade friendly should be prepared in order to make informal trade less risky.
- Countries in the region should promote harmonization and rationalization of their trade policies and tariff rates.
- Cross-border trade should be made more open, with the ultimate goal being to evolve a single regional market. In this regard, there must be political will and commitment to eliminating all forms of trade barriers; unilateral border closures must be discouraged.
- With the increasing degree of trade liberalization; there is need for the enforcement of quality control measures.
- A cost-effective way of estimating ICBT should be devised, so that its quantification is carried out on an ongoing basis to facilitate planning. This may also enable the assessment of the impact of liberalization measures on cross-border trade.
- There is need to strengthen cross-border markets, market information dissemination, and national capabilities in early warning systems.
- The mandate and operationalization of the proliferating regional institutions and

initiatives should be rationalized in order to avoid duplication of efforts aimed at promoting market reforms and intraregional trade.

- Ways should be devised to maximize the positive aspects of ICBT while minimizing its negative aspects.
- Further research is needed to ascertain the costs and benefits of achieving food security in the region. In other words, what is the opportunity cost of the current sources of food, and what are the implied revenue losses to the governments?
- To sustain the liberalization process and regional initiatives aimed at enhancing free trade, it is necessary to seek ways for compensating losers. The question of sharing the benefits of cooperation continues to haunt initiatives targeted at exploiting the vast production and consumption potentials in the region.

In addition to the above recommendations, participants also proposed the formation of a steering committee that would facilitate the dissemination of the ICBT findings and the recommendations of the workshop. The Steering Committee would comprise representatives from Kenya, Uganda, and Tanzania and would be drawn from trade-relevant ministries and selected stakeholders. Participants at the workshop were requested to volunteer names to the Committee.

Workshop Program

08.00 Registration of Participants

MORNING SESSION

Chairman: W. Ngirwa Rapporteur: J. Mwangangi

- **08.30** Welcoming Remarks and Introductions **Alex Kirui, TechnoServe, Inc., Kenya**Opening Address by *Keith Brown* Director, USAID/Regional Economic Development Support Office for Eastern and Southern Africa (REDSO/ESA)
- **09.00** Methodologies for Estimating Informal Cross-Border Trade Between Kenya and Uganda *C. Ackello-Ogutu*
- **09.30** Discussion of Methodological Issues
- 10.00 COFFEE/TEA BREAK
- **10.30** Informal Cross-Border Trade Between Kenya and Uganda: Survey Results *Protase N. Echessah*
- 11.15 Discussion Openers
 - S. M. Guantai
 - D. M. Bamuleseyo
 - Clive Drew
- 11.45 Open Discussion
- 13.00 LUNCH BREAK

AFTERNOON SESSION

Chairman: C. Ackello-Ogutu Rapporteur: P. Echessah

14.00 Brief Submissions of Policy Implications

The Role of Regional Institutions Under Liberalized Trade Regimes - *Fred Opio*Trade and Food Security in Kenya - *S. Mwale*Trade and Employment Creation Under Liberalized Regional Markets - *N. Waniala*

- 15.00 General Discussion
- **15.30** TEA BREAK
- 15.45 Next Steps: Dissemination and Implementation Strategies
- 16.45 Closing Remarks and Vote of Thanks Joe Carvalho
- 17.00 END OF WORKSHOP

List of Participants

1. Dr. Nyambura Githagui

NGO Liaison/Participation Officer

The World Bank P.O. Box 30577 NAIROBI

Tel: 260400 Fax: 260382

2. Mr. Alex Kirui

Country Director, TechnoServe, Inc.

P.O. Box 14821 NAIROBI Tel: 744887

3. Mr. Joseph Mwangangi

Project Manager, TechnoServe, Inc.

P.O. Box 14821 NAIROBI Tel: 744887

4. Professor Chris Ackello-Ogutu

ICBT, Regional Project Coordinator

P.O. Box 14821 NAIROBI Tel: 744887

5. Mr. Protase Echessah

ARPC, ICBT P.O. Box 14821 NAIROBI Tel: 744887

6. Mr. Aidan Eyakuze

Economist, Agriconsult

P.O. Box 73335 NAIROBI

Tel: 227834 Fax: 340019 7. Dr. Lydia Ndirangu

Agric. Economist, IPAR

P.O. Box 45843

NAIROBI

Tel: 251179, 252885

Fax: 251162

8. Dr. Ade Freeman

Economist, ICRISAT

P.O. Box 39063

NAIROBI

Tel: 747557, 741064

Fax: 747554

9. Mr. David Nyameino

Economist, NCPB

P.O. Box 30586

NAIROBI Tel: 555288

10. Mr. M.A. Sergon

Manager, NCPB

P.O. Box 30586

NAIROBI

Tel: 555288

11. Mr. Osoro Umba

Manager, NCPB

P.O. Box 30586

NAIROBI

Tel: 555288

12. Mr. N. N. Waniala

Senior Advisor

Ministry of Trade & Industry

P.O. Box 7103

KAMPALA

Tel: 251578

101. 231370

Fax: 251578

13. Mr. Augustine M. Mwendya Principal Agric.Officer, MAAIF P.O. Box 102 ENTEBBE

Tel: 256-042-20981/231 Fax: 20319/20986

14. Mr. Raymond Engena Mill Manager Uganda Millers Ltd. P.O. Box 895 JINJA

Tel: 20054, 20171, 21949

Fax: 22050

15. Mr. Davies M. Bamuleseyo Commissioner of Trade and Development Ministry of Trade & Industry P.O. Box 7103 KAMPALA

Tel: 243947 ext. 261

Fax: 256-041-254077, 258202

Dr. Fred Opio
 Executive Director
 Economic Policy Research Centre
 P.O. Box 7841
 KAMPALA
 Tel: 256-41-541024

Fax: 256-41-541022

Mr. Erisa O. Ochieng
 Director
 International Development Consultants Ltd
 P.O. Box 16231
 KAMPALA

Tel: 254240, 244725 Fax: 236649, 255288

18. Dr. J. Ddumba-Ssentamu
Head, Department of Economics
Makerere University
P.O. Box 7062
KAMPALA

Tel: 256-41-532356, 530115

Fax: 256-41-532355

19. Dr. Wilfred Ng'irwa Commissioner for Planning & Marketing, Min. of Agriculture P.O. Box 9192, Pamba House DAR ES SALAAM

20. Dr. Clive Drew Chief of Party ADC/IDEA Project P.O. Box 7007 KAMPALA Tel: 041 255 482/3 Fax: 041 250 360

21. Mr. J. Mulinge Mukumbu Program Specilaist, USAID P.O. Box 30261 NAIROBI

22. Dr. Tom Hobgood USAID P.O. Box 30261 NAIROBI

23. Dr. Keith E. Brown
The Director
USAID-REDSO/ESA
P.O. Box 30261
NAIROBI

24. Mrs. L.K. Tusingwire
Project Manager, USAID Mission
P.O. Box 7002
KAMPALA
Fax: 233417

25. Mr. Lewis Aritho
Researcher, Action Aid Kenya
P.O. Box 42814
NAIROBI
Tel: 440440/4/9
Fax: 445843

26. Mr. H. Nyakoojo Ag. Executive Director Uganda Export Promotion Board P.O. Box 5045 **KAMPALA** Tel: 259779

27. Dr. Henry Schmick Agriucltural Attache The American Embassy P.O.Box 30137 NAIROBI Tel: 334141 ext. 409

28. Dr. Samuel Zziwa Agro-Economist IGAD, P.O. Box 2653 DJIBOUTI Fax: (253) 356 397

29. Mr. Francis W. Nagimesi General Manager Produce Marketing Board P. O. Box 5705 KAMPALA Tel: 270420/271229

Fax: 273224

30. Mr. H. K. Rono Chairman Entrepreneurship Development Center P. O. Box 59527 NAIROBI Tel: 218422

Fax: 251397 31. Mr. Moses Dombo

Policy Associate, World Vision Box 5319 **KAMPALA** Tel: 245758/251661

Mr. C.M. Wachira Educationist, K.N.F.U. Box 43148 NAIROBI

Tel: 228894/5

Mr. Gabriel Alaak Garang Managing Director, PABSENT (K) Box 72788 **NAIROBI** Tel: 728560

Mr. Michael N. Jok 34. c/o Mayen A. Bior African Tropical Merchants Ltd P. O. Box 61960 **NAIROBI** Tel: 227335

35. Mr. Sam Mwamburi Mwale Director, Public Policy Analyst Policy Research Group P. O. Box 31780 **NAIROBI**

Mr. J.M. Mdadila **Principal Economist** Ministry of Agriculture P.O. Box 9192 **DODOMA** Tel: 21551

Mr. M. Muturi 37. Assistant Director Ministry of Commerce and Industry P.O. Box 43137 **NAIROBI** Tel: 333555

38. Mr. B.A. Mlundi Senior Trade Officer Ministry of Industry and Trade Box 9503 DAR ES SALAAM Tel: 180310

39. Mr. L. Gatuguta Senior Economist Ministry of Agriculture NAIROBI Tel: 718570

40. Mr. David Gitau

Project Coordinator, EDC

Box 59527

NAIROBI

Tel: 218422

41. Mr. L.K. Mugera

Marketing Department

Kenya Seed Company

P.O. Box 40042

NAIROBI

Tel: 215066

42. Mr. J.K. Nyoro

Economist, Policy Analysis Matrix

P.O. Box 20498

NAIROBI

Tel: 717818

43. Dr. Joe Carvalho

Agricultural Economist

USAID/REDSO

P.O. Box 30201

NAIROBI

Tel: 751613

44. Dr. Deo Mbilima

Principal Industrial Economist

Ministry of Trade and Industry

P.O. Box 9305

DAR ES SALAAM

Tel: 180418

45. Dr. Andy Cook

Chief Technical Advisor

FAO/IGAD

Box 2653

DJIBOUTI

Tel: 356397

46. Dr. Tom Hobgood

USAID/Kenya, Box 30201

NAIROBI

Tel: 751613

47. Dr. A.T. Pallangyo

Director, STCD

Box 9491

DAR ES SALAAM

Tel: 116983

48. Dr. Nathaniel Makoni

Chief of Party, American Breeders Society

P.O. Box 14821

NAIROBI

49. Mr. P.A. Wagubi

Economist, Export Policy Trade Analysis

P.O. Box 7841

KAMPALA

Tel: 231363/90

50. Mr. Michael Nyang

Managing Director

Buffallo T. Trading Company Limited

P.O. Box 26

Kenya

Tel: 504302

51. Mr. Y. Kanyomosi

Managing Director,

Community Management Services

P.O. Box 6468

KAMPALA

Tel: 545864

52. Mr. S. M. Guantai

Manager, NCPB

P.O. Box 30586

NAIROBI

Tel: 555288

SD Technical Papers

Office of Sustainable Development Bureau for Africa U.S. Agency for International Development

The series includes the following publications:

- 1 / Framework for Selection of Priority Research and Analysis Topics in Private Health Sector Development in Africa
- *2 / Proceedings of the USAID Natural Resources Management and Environmental Policy Conference: Banjul, The Gambia / January 18-22, 1994
- *3 / Agricultural Research in Africa: A Review of USAID Strategies and Experience
- *4 / Regionalization of Research in West and Central Africa: A Synthesis of Workshop Findings and Recommendations (Banjul, The Gambia. March 14-16, 1994)
- *5 / Developments in Potato Research in Central Africa
- *6/ Maize Research Impact in Africa: The Obscured Revolution / Summary Report
- *7 / Maize Research Impact in Africa: The Obscured Revolution / Complete Report
- *8 / Urban Maize Meal Consumption Patterns: Strategies for Improving Food Access for Vulnerable Households in Kenya
- *9 / Targeting Assistance to the Poor and Food Insecure: A Literature Review
- 10 / An Analysis of USAID Programs to Improve Equity in Malawi and Ghana's Education Systems
- *11 / Understanding Linkages among Food Availability, Access, Consumption, and Nutrition in Africa: Empirical Findings and Issues from the Literature
- *12 / Market-Oriented Strategies Improve Household Access to Food: Experiences from Sub-Saharan Africa
- 13 / Overview of USAID Basic Education Programs in Sub-Saharan Africa II
- 14 / Basic Education in Africa: USAID's Approach to Sustainable Reform in the 1990s
- 15 / Community-Based Primary Education: Lessons Learned from the Basic Education Expansion Project (BEEP) in Mali
- 16 / Budgetary Impact of Non-Project Assistance in the Education Sector: A Review of Benin, Ghana, Guinea, and Malawi
- *17 / GIS Technology Transfer: An Ecological Approach—Final Report
- *18 / Environmental Guidelines for Small-Scale Activities in Africa: Environmentally Sound Design for Planning and Implementing Humanitarian and Development Activities
- *19 / Comparative Analysis of Economic Reform and Structural Adjustment Programs in Eastern Africa
- *20 / Comparative Analysis of Economic Reform and Structural Adjustment Programs in Eastern Africa / Annex
- *21 / Comparative Transportation Cost in East Africa: Executive Summary
- *22 / Comparative Transportation Cost in East Africa: Final Report
- *23 / Comparative Analysis of Structural Adjustment Programs in Southern Africa: With Emphasis on Agriculture and Trade
- *24 / Endowments in Africa: A Discussion of Issues for Using Alternative Funding Mechanisms to Support Agricultural and Natural Resources Management Programs
- *25 / Effects of Market Reform on Access to Food by Low-Income Households: Evidence from Four Countries in Eastern and Southern Africa
- *26 / Promoting Farm Investment for Sustainable Intensification of African Agriculture
- *27 / Improving the Measurement and Analysis of African Agricultural Productivity: Promoting Complementarities Between Micro and Macro Data

- *28 / Promoting Food Security in Rwanda Through Sustainable Agricultural Productivity
- *29 / Methodologies for Estimating Informal Crossborder Trade in Eastern and Southern Africa
- *30 / A Guide to the Gender Dimension of Environment and Natural Resources Management: Based on Sample Review of USAID NRM Projects in Africa
- *31 / A Selected Bibliography on Gender in Environment and Natural Resources: With Emphasis on Africa
- *32 / Comparative Cost of Production Analysis in East Africa: Implications for Competitiveness and Comparative Advantage
- *33 / Analysis of Policy Reform and Structural Adjustment Programs in Malawi: With Emphasis on Agriculture and Trade
- *34 / Structural Adjustment and Agricultural Reform in South Africa
- *35 / Policy Reforms and Structural Adjustment in Zambia: The Case of Agriculture and Trade
- *36 / Analysis of Policy Reform and Structural Adjustment Programs in Zimbabwe: With Emphasis on Agriculture and Trade
- 37 / The Control of Dysentery in Africa: Overview, Recommendations, and Checklists
- 38 / Collaborative Programs in Primary Education, Health, and Nutrition: Report on the Proceedings of a Collaborative Meeting, Washington, D.C., May 7-8, 1996
- *39 / Trends in Real Food Prices in Six Sub-Saharan African Countries
- *40 / Cash Crop and Foodgrain Productivity in Senegal: Historical View, New Survey Evidence, and Policy Implications
- 41 / Schools Are Places for Girls Too: Creating an Environment of Validation
- *42 / Bilateral Donor Agencies and the Environment: Pest and Pesticide Management
- *43 / Commercialization of Research and Technology
- *44 / Basic Guide to Using Debt Conversions
- *45 / Considerations of Wildlife Resources and Land Use in Chad
- *46 / Report on the Basic Education Workshop: Brits, South Africa, July 20-25, 1996
- 47 / Education Reform Support Volume One: Overview and Bibliography
- 48 / Education Reform Support Volume Two: Foundations of the Approach
- 49 / Education Reform Support Volume Three: A Framework for Making It Happen
- 50 / Education Reform Support Volume Four: Tools and Techniques
- 51 / Education Reform Support Volume Five: Strategy Development and Project Design
- 52 / Education Reform Support Volume Six: Evaluating Education Reform Support
- *53 / Checkoffs: New Approaches to Funding Research, Development, and Conservation
- 54 / Educating Girls in Sub-Saharan Africa: USAID's Approach and Lessons for Donors
- 55 / Early Intervention: HIV/AIDS Programs for School-Aged Youth
- 56 / Kids, Schools and Learning—African Success Stories: A Retrospective Study of USAID Support to Basic Education in Africa
- *57 / Proceedings of the Workshop on Commercialization and Transfer of Agricultural Technology in Africa
- *58/ Unrecorded Cross-Border Trade Between Kenya and Uganda: Proceedings of a Workshop Held at the Mayfair Hotel, Nairobi Kenya, December 6, 1996
- *59/ Unrecorded Cross-Border Trade Between Kenya and Uganda: Implications for Food Security
- *60 / Comparative Costs of Transport: The Northern Tier Countries of the Greater Horn of Africa
- *61 / Comparative Costs of Transport: The Northern Tier Countries of the Greater Horn of Africa: Executive Summary
- * Produced and dissemination under contract to USAID/AFR/SD by AMEX International, Inc. For copies or information, contact: Outreach Systems Assistant / AMEX International, Inc. / 1111 19th Street North / Arlington, VA 22209. Phone: 703-235-5276. Fax: 703-235-5064. Titles indicated with an asterisk can be accessed on the World Wide Web at http://www.info.usaid.gov/sdpsge/pubs/pubs.html.

U.S. Agency for International Development
Bureau for Africa
Office of Sustainable Development
Productive Sector Growth and Environment Division
Washington, D.C. 20523



